

## Message Text

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44  
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 SAB-01 OMB-01 TRSE-00 /061 W  
----- 099657

R 191444Z JUN 75  
FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC 4234  
INFO PANCANAL  
USSOUTHCOM

LIMITED OFFICIAL USE PANAMA 3619

E.O. 11652: N/A  
TAGS: ETEL PN  
SUBJECT: TELECOMMUNICATIONS: TROPICAL RADIO TELECOMMUNICATIONS (TRT)  
TO PAY PANAMANIAN INCOME TAX ON CANAL ZONE OPERATIONS

REF: PANAMA 3258

1. MESSRS. JOSE C. BARRIOS AND A.P. HEYD, TRT MANAGERS FOR PANAMA AND  
CANAL ZONE, RESPECTIVELY, CALLED AT EMBASSY EARLY JUNE 13 TO INFORM  
US  
THAT FINANCE AND TREASURY MINISTRY HAD REJECTED TRT APPEAL AGAINST  
LONG  
STANDING CLAIM FOR PAYMENT OF INCOME TAX TO PANAMA ON TRT OPERATIONS  
IN  
PANAMA. TRT'S PANAMANIAN LAWYER, EDUARDO MORGAN, RECOMMENDED THAT TRT  
AGREE TO GOP RULING AND HYED HAD RECEIVED INSTRUCTIONS FROM  
WASHINGTON  
OFFICE REP MORRISSEY TO ASCERTAIN CANAL ZONE'S REACTION TO SAID  
RULING.

2. BARRIOS WAS REQUESTED BY ECON/COMM COUNSELOR TO PROVIDE EMBASSY WI  
TH  
SUFFICIENT DOCUMENTATION TO PERMIT EVALUATION OF CASE. BARRIOS INDICA  
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TED HE WOULD DO SO FOLLOWING CONTACT WITH WASHINGTON OFFICE. JUST BEFORE COB THAT DAY, HEYD TELEPHONED TO REPORT THAT TRT WOULD NOT BE SUPPLYING ADDITIONAL BACKGROUND INFORMATION BECAUSE HIS PRINCIPALS IN WASHINGTON HAD SINCE DECIDED THAT THE AMOUNT OF MONEY INVOLVED WAS NOT LARGE AND THAT IT WOULD PAY THE TAX CLAIMED BY GOP.

3. THE CANAL ZONE SHARES OUR WORRY ABOUT THIS CASE AS A POSSIBLE PRECEDENCE THE PANAMANIANS MAY USE AGAINST OTHER AMERICAN COMPANIES OPERATING IN THE ZONE AND PANAMA AS WELL. THE ZONE HAS VOICED ITS CONCERN WITH HEYD ACCORDINGLY. HOWEVER, EMBASSY UNDERSTANDS THAT IN THE PAST THERE HAVE BEEN COMPANIES-PARTICULARLY IN THE OIL FIELD-WHICH PAID TAXES TO THE GOP FOR OPERATIONS IN THE ZONE AREA, BECAUSE RP TAXES WERE VIEWED AS OF LESS CONSEQUENCE THAN ENDANGERING OF MORE IMPORTANT INTERESTS VESTED IN PANAMA. IN OTHER WORDS THEY PREFERRED OPERATING FROM THE PRACTICAL POINT OF VIEW RATHER THAN FROM THE LEGAL ONE. WE BELIEVE TRT GESTURE MAY HAVE SOME LINK TO ITS EFFORTS FOR A PARTNERSHIP ARRANGEMENT WITH INTEL.

4. UNLESS THE DEPARTMENT PERCEIVES OTHERWISE, WE REQUEST THAT IT CONVEY OUR CONCERN TO TRT IN WASHINGTON. WE FEEL TRT SHOULD NOT PAY THE TAXES.

JORDEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TELECOMMUNICATION, POLICIES, NEGOTIATIONS, INCOME TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PANAMA03619  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750214-0258  
**From:** PANAMA  
**Handling Restrictions:** n/a  
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**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750634/aaaabfeb.tel  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Status:** NATIVE  
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**TAGS:** ETEL, PN, PQ, US, TRT  
**To:** STATE  
**Type:** TE  
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